# Why Gen-Z is set to go back to the 'burbs

By Berry Everitt

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Generation-Z (people born after 1997) are obviously the future of real estate, and the industry is starting to think seriously now about where they might live and what type of housing they are likely to need and prefer.

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This is especially relevant in SA where an estimated 38% of the population are currently aged 18 to 35, and another very large cohort is under 18.

Gen-Z is full of 'early-starters', for example, and we expect them to become home-owners much earlier than the Millennials (born between about 1982 and 1998), who are typically only buying their first home now in their early to mid-30s.

## Individualistic and entrepreneurial

One reason for this is that Gen-Z overall is more individualistic and entrepreneurial than previous generations and thus much more likely to try to start a business after high school and then get a degree or a specialised qualification online than go the traditional route of tertiary education, employment and then maybe self-employment. They are thus much less likely to be weighed down by student debt in their 20s and much more able to become home owners.

Another important factor to consider is that Gen-Z has higher expectations than its predecessors, especially when it comes to technology, service and businesses showing appreciation for their custom. And, of course, they are globally connected via the internet, so they can rapidly compare and evaluate their experiences internationally as well as locally. The products and services offered to them will thus increasingly have to be 'world class', or they will simply find an alternative.

## Preference for ownership

According to a recent survey conducted by *Better Homes & Gardens* in the US, 97% of Generation-Z members there expect and want to own a home in their future – unlike a large percentage of Millennials who prefer to rent and stay "free" to travel or move quickly in response to a better job offer.

What is more, the survey showed that a 100% of the Gen-Z respondents aimed to own a large home in either a rural or a suburban area – again unlike the Millennial generation which tends to prefer compact homes in highly urbanised settings. In fact, this aspiration for country-style living is so marked among young people now that they are also being called the 'Homestead Generation'.

In addition, the survey showed that although Generation-Z spends a very large amount of time online, they are sceptical of online content unless it is endorsed by a friend or family member. Most respondents thus believed that while they might view homes for sale online, it would be best to have the help of an expert estate agent recommended by a trusted source when actually considering a purchase.

Due to the global connectedness of Gen-Z, these patterns will be broadly followed in SA, but there is an added desire for home ownership here among young people because of the social and financial benefits it is known to deliver.

## Social benefits of home ownership

International research has shown over and over that home ownership brings about social benefits such as better health, better education, lower crime rates and stronger communities, especially in rapidly urbanising situations such as that being experienced by SA. It is also one of the most certain ways for ordinary people to start building wealth.

And there are many places for young people here to observe this in action, including the inner city areas where run-down factories and office blocks have been converted to trendy new apartments and workspaces and where regeneration has led to social revival, for example, and the former townships where many long-term residents who received title deeds confirming ownership of their properties have been able to borrow against these properties or sell them and upgrade to better homes.

So it is not really surprising that SA already has one of the highest rates of home ownership in the world, and that this continues to rise. Mike Schussler, chief economist at Economists.co.za, recently calculated that the total number of owned homes in SA is around 9.2 million, and that about 63% of all SA households own their own homes or are paying them off rather than renting.

## Larger homes away from the city

Nevertheless, the rapid rate of urbanisation in SA, especially among young people, means that the real estate industry – and property investors - can expect high demand for high-quality rental accommodation in inner-city areas and central suburbs for the next few years as Gen-Z grows up and leaves home.

And after that, I think we are going to see the effects of the fact that Gen-Z is creating and building an increasingly online economy, in which young people can work anywhere and at any time, and that they will choose – and be able to afford – to buy the larger homes they dream of, away from the city centres and even in the countryside.

This trend is also going to be fuelled by the growing desire to live ‘green’, so we definitely anticipate rising demand over the next five to 10 years for highly eco-friendly homes, preferably with some room to grow food and to accommodate creative endeavours and home-based businesses.

## ABOUT BERRY EVERITT

Berry Everitt is the CEO of the Chas Everitt International property group, which is one of the top five estate agency companies in South Africa and widely recognised for its innovative marketing methods, its technological leadership - and its absolute dedication to achieving exceptional customer service. Everitt is the youngest son of the group's founders, Charles and Tilla Everitt, and has been involved in the business since it was established in 1988.

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